

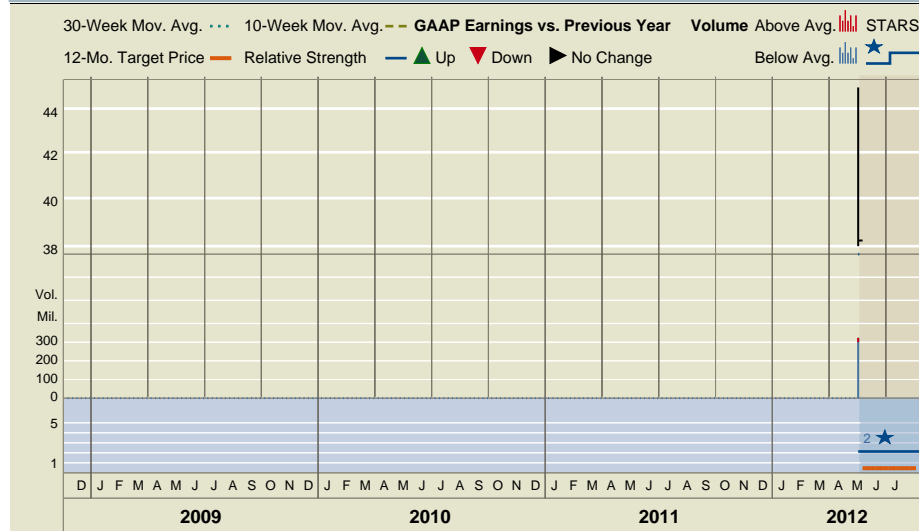
Facebook Inc

S&P Recommendation **SELL** ★★☆☆☆Price
\$31.00 (as of May 22, 2012)12-Mo. Target Price
\$30.00GICS Sector Information Technology
Sub-Industry Internet Software & Services**Summary** This company is one of the world's largest Internet companies, based on users and market capitalization. It completed a highly anticipated IPO in May 2012.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$45.00–30.94	S&P Oper. EPS 2012E	0.40	Market Capitalization(B)	\$19.712	Beta	NA
Trailing 12-Month EPS	\$0.43	S&P Oper. EPS 2013E	0.62	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	32
Trailing 12-Month P/E	72.1	P/E on S&P Oper. EPS 2012E	77.5	Dividend Rate/Share	Nil	S&P Credit Rating	NA
\$10K Invested 5 Yrs Ago	NA	Common Shares Outstg. (M)	2,138.1	Institutional Ownership (%)	NA		

Price Performance



Qualitative Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects what we view as a strong and attractive global brand and platform and multiple monetization opportunities, outweighed by changing technologies and tastes, considerable competitive threats, and legal and regulatory issues.

Quantitative Evaluations

S&P Quality Ranking **NR**

D	C	B-	B	B+	A-	A	A+
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Relative Strength Rank **NA**

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2012	1,058	--	--	--	--
2011	731.0	--	--	--	3,711
2010	--	--	--	--	1,974
2009	--	--	--	--	777.0
2008	--	--	--	--	--
2007	--	--	--	--	--

Earnings Per Share (\$)	0.09	E0.10	E0.10	E0.11	E0.40
2012	0.09	E0.10	E0.10	E0.11	E0.40
2011	0.11	--	--	--	0.43
2010	--	--	--	--	0.28
2009	--	--	--	--	0.10
2008	--	--	--	--	--
2007	--	--	--	--	--

Fiscal year ended Dec. 31. Next earnings report expected: NA. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data

No cash dividends have been paid.

Analysis prepared by Equity Analyst **Scott Kessler** on May 22, 2012, when the stock traded at **\$31.00**.

Highlights

- We project that 2012 revenues will rise 44%, reflecting growth from advertising and payments. We see FB continuing to build out its advertising technologies and offerings, but see challenges related to mobile monetization. In March 2012, people spent more time on Facebook using their mobile phones than computers, according to comScore. We see revenue gains of 39% in 2013 and 41% in 2014.
- Reflecting a less favorable revenue mix, we see the annual gross margin narrowing somewhat in 2012, and then modestly improving through 2014. We project the 2012 annual operating margin and net margin will be adversely affected by significant spending related to innovation and infrastructure. Moreover, we see a notably higher tax rate in 2012, following the completion of the IPO.
- After the completion of the IPO, we believe FB has over \$10 billion in cash and investments, and we see the company committing capital to geographic expansion, mobile technologies and enhancements, and M&A of third-party companies and intellectual property.

Investment Rationale/Risk

- We think FB has considerable competitive advantages in the social media segment, associated with its global brand, substantial user base, high levels of engagement, and considerable access to valuable user data and information. However, we wonder about the effectiveness of FB's advertising platform and offerings, the margins on marketing messages on mobile platforms, and risks related to access to and use of sensitive personal details.
- Risks to our recommendation and target price include potentially more favorable performance relative to our expectations for user and/or engagement growth and mobile offerings and monetization, as well as less impactful developments associated with legal and regulatory issues, perhaps involving patents or privacy.
- We looked at domestic and international IT, Internet and social media companies, based on estimated 2013 P/E, P/E-to-growth, and price-to-sales multiples. Allowing for significant premiums across these metrics, accounting for our view of FB's strong market positioning and opportunities, our blended 12-month target price is \$30.

Facebook Inc

Business Summary May 22, 2012

CORPORATE OVERVIEW. Simply stated, Facebook is the world's largest social media company and property. As of March 2012, which marked the end of the last full quarter before the company came public, Facebook had 901 million monthly active users who had 125 billion friendships, were responsible for 3.2 billion Likes and Comments per day, and uploaded 300 million pictures per day.

FB's two primary user products are Timeline and News Feed. Timeline was introduced in September 2011, and allows users to chronologically organize and display information, actions, events and other items and indications that are important to them. The News Feed is the core content of a user's homepage, consisting of a regularly updated stream of stories from friends and others to whom a user is connected, related to their posts, photos, groups, events, activities, applications (apps), etc. Stories in a user's News Feed are personalized based on his/her interests and friends' sharing activity, and prioritized based on factors including Likes and Comments.

The Facebook Platform is employed by developers to build apps and integrated websites that are personalized and social, and advertisers interested in reaching users, in part based on shared information related to age, location, gender, interests, etc. We believe Facebook offers advertisers a compelling combination of reach, relevance, social context, and engagement to enhance their messages. In fact, advertisers and developers frequently partner with each other to try to optimize success.

Facebook Pages are public profiles used to create a presence on Facebook and engage with the community. The owner of a Facebook Page can connect with interested users to provide updates, receive feedback, answer questions and/or endeavor to stimulate interest in the owner's messages and offerings. When a Facebook user Likes a Page, the Page owner has the opportunity to publish stories to the user's News Feed. In addition, when a Facebook user Likes or Comments on a post from a Page owner, that user's action could be shared with the user's friends via News Feed and increase awareness among other users, potentially increasing the Page's exposure and engagement. We think many entities, especially small businesses, have started to not only create and update Facebook Pages, but also to use them as a primary means to establish an Internet presence. As of March 2012, there were more than 42 million Facebook Pages with ten or more Likes.

BUSINESS STRATEGY. FB's business strategy centers on providing its key constituencies with compelling offerings. Specifically, FB seeks to develop and deploy technologies to encourage users to regularly engage with and on the platform, to enable developers to create appealing apps and websites, and to allow advertisers to provide relevant and social marketing messages in a thoughtful and effective way. The Network Effect has contributed to Facebook's strong growth and positioning.

By focusing on and serving its users, developers and advertisers, FB hopes to continue expanding geographically and in mobile contexts. Markets the company has identified as relatively large and less-penetrated include Brazil, Germany, India, Japan, Russia, and South Korea.

Intellectual property has also seemingly become more important to FB in recent months. Over the past year or two, we have noted significant increases in industry litigation and acquisition activity related to patents associated with Internet and mobile technologies, and FB's efforts to accumulate patents have expanded substantially.

CORPORATE GOVERNANCE. FB has two classes of common stock, and founder Mark Zuckerberg not only fulfills the roles of both CEO and Chairman, but also has control or the ability to control more than 55% of the voting power of the company. Because Zuckerberg controls a majority of the company's voting power, FB is considered a "controlled company" pursuant to corporate governance rules for NASDAQ-listed companies. As a result, FB does not need to have a majority of independent directors, a compensation committee, or an independent nominating function (directors are responsible for nominating members to the company's board).

We think that despite what we view as an impressive board of directors, Mark Zuckerberg controls FB. He personally appointed more than half of the board, including himself, and seemingly has the authority to make major decisions by himself.

FINANCIAL TRENDS. FB was founded in 2004 and has a limited history as a profitable and public company. Nonetheless, the company has had notable margins, with 2011 operating margins in excess of 45% and net margins over 25%. We expect some narrowing in 2012 as FB makes investments and contends with a higher corporate tax rate.

Historically, more than 80% of FB's revenues have been derived from advertising offerings, and the balance has originated from payments (largely from purchases of virtual goods within social games). Notably, Zynga (ZNGA), which provides games on the Facebook Platform, recently accounted for 15% of revenues, and in March 2012, launched Zynga.com to offer its games to users beyond Facebook.

Nonetheless, we estimate that FB had over \$10 billion in cash and investments immediately following its IPO, and will use this capital to expand and enhance its technologies and offerings.

Corporate Information

Office

1601 Willow Road, Menlo Park, CA 94025.

Telephone

650-308-7300.

Website

<http://www.facebook.com>

Officers**Chrmn & CEO**

M. Zuckerberg

CTO

J. Rothschild

COO

S.K. Sandberg

Chief Acctg Officer

D.M. Spillane

CFO

D.A. Ebersman

Board Members

M. L. Andreessen

E. B. Bowles

J. W. Breyer

D. E. Graham

R. Hastings

P. A. Thiel

M. Zuckerberg

Domicile

Delaware

Founded

2004

Employees

3,539

Stockholders

NA

Facebook Inc

Quantitative Evaluations

S&P Fair Value Rank	NR	1	2	3	4	5
<small>LOWEST</small> Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).						<small>HIGHEST</small>

Fair Value Calculation

NA

Investability Quotient Percentile

This company does not meet the inclusion criteria required for calculating an IQ value.

Volatility

NA

Technical Evaluation

NA

Insider Activity

NA

UNFAVORABLE NEUTRAL FAVORABLE

Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	Nil	Nil	NA	NA
Price/EBITDA	Nil	Nil	NA	NA
Price/Pretax Income	Nil	Nil	NA	NA
P/E Ratio	Nil	Nil	NA	NA
Avg. Diluted Shares Outstg (M)	2,138.1	2,138.1	NA	NA

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	87.99	NA	NA	NA
Net Income	65.02	NA	NA	NA

Ratio Analysis (Annual Avg.)

Net Margin (%)	26.95	29.04	NA	NA
Return on Equity (%)	22.91	NA	NA	NA

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	3.11	NA	NA	NA	NA	NA	NA	NA	NA	NA
Cash Flow	0.88	0.53	0.22	NA	NA	NA	NA	NA	NA	NA
Earnings	0.43	0.28	0.10	NA	NA	NA	NA	NA	NA	NA
S&P Core Earnings	0.47	0.28	NA	NA	NA	NA	NA	NA	NA	NA
Dividends	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Payout Ratio	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA
Prices:High	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Prices:Low	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio:High	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio:Low	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Income Statement Analysis (Million \$)

Revenue	3,711	1,974	777	NA	NA	NA	NA	NA	NA	NA
Operating Income	2,079	1,171	340	NA	NA	NA	NA	NA	NA	NA
Depreciation	323	139	78.0	NA	NA	NA	NA	NA	NA	NA
Interest Expense	42.0	22.0	10.0	NA	NA	NA	NA	NA	NA	NA
Pretax Income	1,695	1,008	254	NA	NA	NA	NA	NA	NA	NA
Effective Tax Rate	41.0%	39.9%	9.84%	NA	NA	NA	NA	NA	NA	NA
Net Income	1,000	606	229	NA	NA	NA	NA	NA	NA	NA
S&P Core Earnings	1,000	606	NA	NA	NA	NA	NA	NA	NA	NA

Balance Sheet & Other Financial Data (Million \$)

Cash	3,908	1,785	NA	NA	NA	NA	NA	NA	NA	NA
Current Assets	4,604	2,246	NA	NA	NA	NA	NA	NA	NA	NA
Total Assets	6,331	2,990	NA	NA	NA	NA	NA	NA	NA	NA
Current Liabilities	899	389	NA	NA	NA	NA	NA	NA	NA	NA
Long Term Debt	NA	250	NA	NA	NA	NA	NA	NA	NA	NA
Common Equity	4,284	1,547	NA	NA	NA	NA	NA	NA	NA	NA
Total Capital	4,899	2,412	NA	NA	NA	NA	NA	NA	NA	NA
Capital Expenditures	606	293	33.0	NA	NA	NA	NA	NA	NA	NA
Cash Flow	1,323	745	307	NA	NA	NA	NA	NA	NA	NA
Current Ratio	5.1	5.8	NA	NA	NA	NA	NA	NA	NA	NA
% Long Term Debt of Capitalization	Nil	10.4	Nil	NA	NA	NA	NA	NA	NA	NA
% Net Income of Revenue	27.0	30.7	29.5	NA	NA	NA	NA	NA	NA	NA
% Return on Assets	21.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
% Return on Equity	22.9	NA	NA	NA	NA	NA	NA	NA	NA	NA

Data as orig repts.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Facebook Inc

Sub-Industry Outlook

Our fundamental outlook for the Internet Software & Services sub-industry is positive, reflecting what we viewed as a stabilized global economy that could contribute to more overall advertising spending, an increasing percentage of related budgets being committed to the Internet (as compared with so-called traditional media), and pricing for associated online offerings that has shown signs of improvement.

U.S. online advertising revenues rose 3% in 2009 and 15% in 2010, and S&P Capital IQ estimates increases of 12% in 2011 of 10% in 2012. We believe the U.S. accounts for more than a third of this market. We are seeing corporations commit larger percentages of advertising budgets to the Internet as people spend more time online, especially as compared with consumption of other media. Moreover, Internet marketing offers notable targeting and data-focused return-on-investment capabilities.

We also think the advent and growing adoption of technologies like powerful Internet-enabled smartphones and tablets, and HTML5 (a powerful and flexible language for creating and interacting with dynamic website content and applications) are positives for interactive advertising.

U.S. online retail sales increased 11% in 2009 and 13% in 2010. We think there was growth of 11% in 2011 and see a comparable gain in 2012. We believe users are attracted to Internet retail offerings in large part due to factors that include a generally substantial selection of products, 24/7/365 store access and associated convenience of home delivery, and a compelling value proposition. According to Forrester Research, an independent technology and market research company, improving multichannel initiatives, better

merchandising, more customized offerings, and increasingly sophisticated marketing efforts should help drive considerable segment growth.

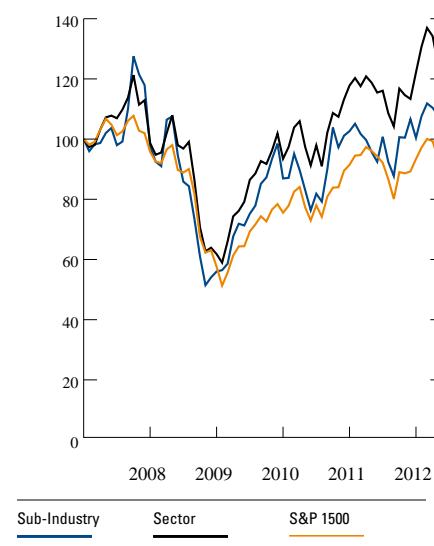
Year to date through April 20, the Internet Software & Services index rose 2.4%, compared with a 9.7% increase in the S&P 1500.

--Scott Kessler

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Internet Software & Services

Based on S&P 1500 Indexes
Month-end Price Performance as of 04/30/12



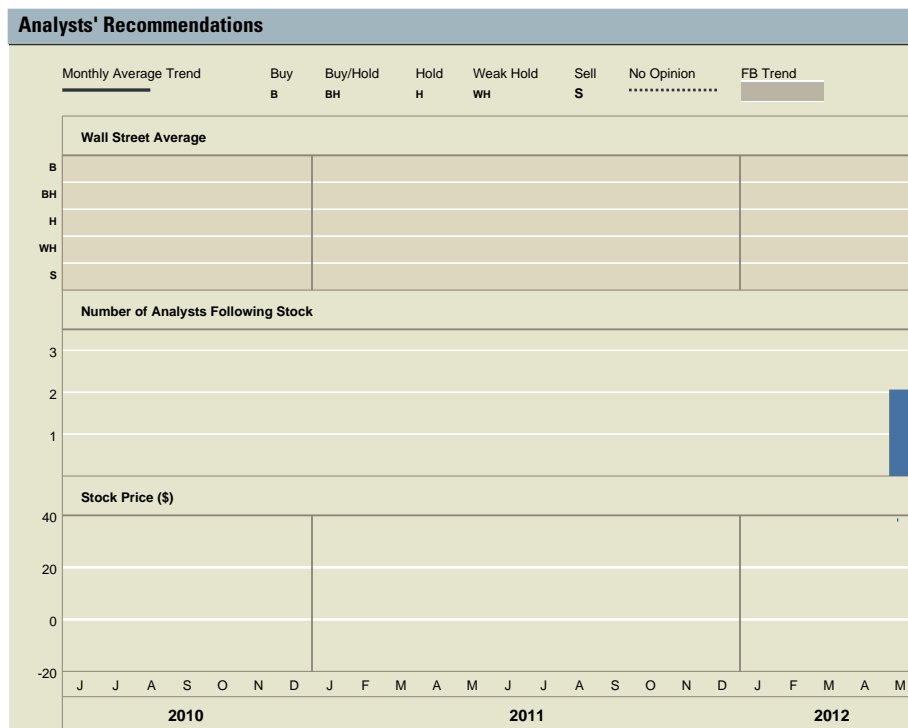
NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Internet Software & Services Peer Group*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Facebook Inc Cl'A'	FB	21,639	34.03	45.00/33.00	NA	Nil	79	NA	NR	NA	26.9	NA
AOL Inc	AOL	2,557	26.98	27.49/10.06	1.15	Nil	93	21.90	NR	25	0.6	NA
Bankrate Inc	RATE	1,847	18.47	25.95/13.38	NA	Nil	NM	NA	NR	95	NA	19.7
CoStar Group	CSGP	1,920	70.78	73.65/46.41	1.26	Nil	NM	47.40	B-	92	5.8	NA
DealerTrack Holdings	TRAK	1,219	29.07	31.98/14.01	1.55	Nil	22	22.70	NR	82	18.4	NA
Epazz Inc	EPAZ	1,615	50.50	0.13/0.01	-2.49	Nil	NM	NA	NR	NA	NM	98.5
IAC/InterActiveCorp	IACI	3,384	44.83	52.78/34.12	0.59	1.1	22	38.50	B-	44	8.5	4.3
LinkedIn Corp'A'	LNKD	9,918	96.84	120.63/55.98	NA	Nil	NM	NA	NR	96	2.3	NA
Liquidity Services	LQDT	1,850	60.38	66.57/18.68	1.08	Nil	64	47.20	NR	92	6.3	NA
MercadoLibre Inc	MELI	3,346	75.80	104.50/48.30	1.89	0.6	41	NA	NR	68	25.7	NA
Qihoo 360 Technology Co ADS	QIHU	1,648	20.40	29.90/13.71	NA	Nil	NM	NA	NR	95	14.7	NA
Rackspace Hosting	RAX	6,689	50.69	60.55/30.34	1.45	Nil	82	42.00	NR	89	7.5	NA
Vistaprint NV	VPRT	1,334	36.05	49.97/23.89	1.32	Nil	27	42.80	NR	16	10.1	NA
WebMD Health Corp(New)	WBMD	1,274	22.40	49.24/21.14	0.72	Nil	28	10.70	B-	15	11.4	54.3
Yandex NV'A'	YNDX	6,456	21.25	42.01/16.60	NA	Nil	39	NA	NR	81	30.5	NA

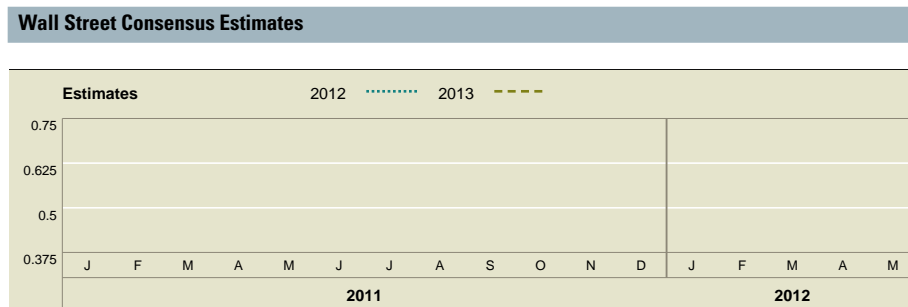
NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Facebook Inc



Of the total 7 companies following FB, 5 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	2	40	0	0
Buy/Hold	0	0	0	0
Hold	0	0	0	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	3	60	0	0
Total	5	100	0	0



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	0.62	0.69	0.54	5	50.0
2012	0.45	0.56	0.18	5	68.9
2013 vs. 2012	▲ 38%	▲ 23%	▲ 200%	0%	▼ -27%
Q2'13	0.15	0.17	0.13	4	NM
Q2'12	0.06	0.13	-0.14	4	NM
Q2'13 vs. Q2'12	▲ 150%	▲ 31%	▲ 193%	0%	NA

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY

Companies Offering Coverage

Morningstar Inc.
Pivotal Research Group
Pivotal Research Group
Sterne Agee & Leach Inc.
Sterne Agee & Leach Inc.
Wedbush Securities Inc.
Wedbush Securities Inc.

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that FB will earn \$0.45. For the 1st quarter of fiscal year 2012, FB announced earnings per share of \$0.09, representing 20% of the total annual estimate. For fiscal year 2013, analysts estimate that FB's earnings per share will grow by 38% to \$0.62.

Facebook Inc

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services

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Abbreviations Used in S&P Equity Research Reports

CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and

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Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

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★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):** Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant

benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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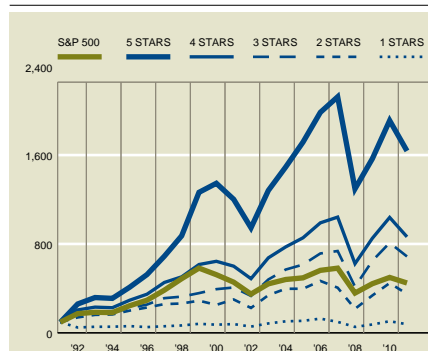
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U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of \$100 For the Period 12/31/1986 through 04/30/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,650), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

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